

Amendment No. 1 to SB1000

Briggs  
Signature of Sponsor

**AMEND Senate Bill No. 1000**

**House Bill No. 1046\***

by deleting all language after the enacting clause and substituting:

SECTION 1. This act is known and may be cited as the "Tennessee Rural and Workforce Housing Act."

SECTION 2. Tennessee Code Annotated, Title 13, Chapter 23, Part 1, is amended by adding the following as a new section:

(a) As used in this section:

(1) "Eligibility statement" means a statement authorized and issued by the agency certifying that the owner of a qualified project is eligible for a Tennessee rural and workforce housing tax credit;

(2) "Federal housing tax credit" means the low-income housing credit as provided in Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42), as amended;

(3) "Project" means a housing project that has restricted rents that do not exceed thirty percent (30%) of the renter's income for:

(A) At least forty percent (40%) of its units occupied by persons or families having incomes of sixty percent (60%) or less of the area median income; or

(B) At least twenty percent (20%) of the units occupied by persons or families having incomes of fifty percent (50%) or less of the area median income;

(4) "Qualified project" means a qualified low-income building, as that term is defined in Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42), as amended, located in this state and placed in service after January 1, 2025, that receives a federal housing tax credit allocation from the agency for a project;

(5) "Taxpayer" means a sole proprietor, partnership, corporation of any classification, limited liability company, or association taxable as a business entity that is subject to liability for any state fee, premium, tax, or other charge pursuant to title 56, chapter 4, or title 67; and

(6) "Tennessee rural and workforce housing tax credit" means the credit created by this section against liability for any state fee, premium, tax, or other charge.

(b)

(1) The owner of a qualified project may claim as a credit against taxpayer liability for a state fee, premium, tax, or other charge imposed by title 56, chapter 4, or title 67, an amount not to exceed the federal housing tax credit allocated by the agency to the qualified project. The credit created by this subsection (b) is known as the "Tennessee rural and workforce housing tax credit."

(2) A Tennessee rural and workforce housing tax credit may be allocated among some or all of the partners, members, or shareholders of the business entity or association owning the qualified project, in any manner agreed to by such business entity or association, regardless of whether such business entities or associations are allocated or allowed any portion of the federal housing tax credit with respect to the qualified project.

(3) The total amount of the Tennessee rural and workforce housing tax credit that may be claimed pursuant to this section for a taxable year must not exceed a taxpayer's liability. Any unused tax credit may be carried forward to

apply to a taxpayer's next five (5) succeeding years' liability. A taxpayer shall not apply the credit against a prior tax years' liability.

(4)

(A) If, under Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42), as amended, a portion of a federal housing tax credit taken on a qualified project is required to be recaptured, then the taxpayer claiming a Tennessee rural and workforce housing tax credit with respect to such qualified project shall recapture a portion of the Tennessee rural and workforce housing tax credit. The state recapture amount is equal to the proportion of the Tennessee rural and workforce housing tax credit claimed by the taxpayer that equals the proportion the federal recapture amount bears to the original federal housing tax credit amount subject to recapture.

(B) If the recapture of a Tennessee rural and workforce housing tax credit is required, then the taxpayer shall submit an amended return to the applicable department or agency, which includes the proportion of the Tennessee rural and workforce housing tax credit required to be recaptured, the identity of each taxpayer subject to the recapture, and the amount of tax credit previously allocated to such taxpayer.

(5) Upon application or request, the agency shall issue an eligibility statement to the owner of a qualified project to submit with the applicable department or agency imposing any state fee, premium, tax, or other charge as provided for herein.

(c) The total amount of all Tennessee rural and workforce housing tax credits that may be allocated in any fiscal year must not exceed seventeen million dollars (\$17,000,000), plus the total of all unallocated tax credits, if any, for any preceding

years, and the total amount of any previously allocated tax credits that have been recaptured, revoked, canceled, or otherwise recovered but not otherwise reallocated.

(d) The agency shall allocate Tennessee rural and workforce housing tax credits pursuant to uniform criteria that in the agency's discretion promote the highest value and greatest public benefit; provided, that no less than fifty percent (50%) of the Tennessee rural and workforce housing tax credits must be allocated to qualified projects in an eligible rural area as designated by the United States department of agriculture.

(e) The agency may promulgate rules to effectuate this section. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 3. If any provision of this act, or its application to any person or circumstance is held invalid, then the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provision or application, and to that end, the provisions of this act are severable.

SECTION 4. This act takes effect upon becoming a law, the public welfare requiring it.